

# VUNANI

## FUND MANAGERS

### VUNANI BOTSWANA MONEY MARKET FUND FACT SHEET

#### FUND INFORMATION UPDATE AT 31 MARCH 2024

#### WHAT IS THE FUND'S OBJECTIVE?

The fund was created in response to demand for cash management with a conservative bias. The objective of the fund is to provide investors with the highest level of current income that is consistent with capital preservation.

#### WHAT DOES THE FUND INVEST IN?

The fund invests in major banking groups or other similar rated institutions. It may also invest in certain government issues, as well as issues from top rated corporations.

#### WHO SHOULD CONSIDER INVESTING IN THIS

**Retail:** The fund provides active cash management while minimising risk. It suits individuals who have cash available to invest for the medium term, even though money may be required at relatively short notice.

**Institutional:** This fund is suitable for clients holding large cash balances but whose funds need to remain liquid for operational reasons. Clients benefit from wholesale cash management yields at competitive fees.

#### POSSIBLE RISKS ASSOCIATED WITH THIS FUND

The possible risks associated with this portfolio include general market and economic risks, interest rate risk and bond yield fluctuations.

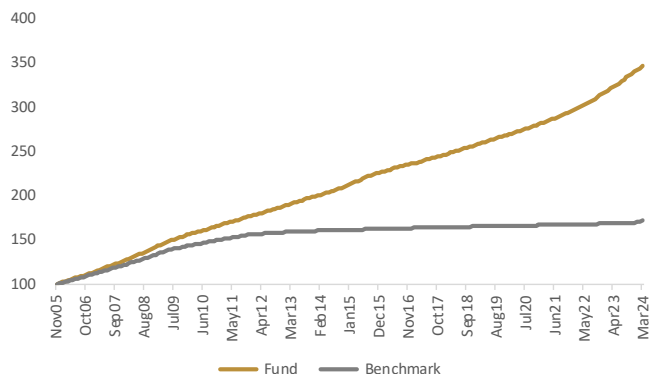
The fund invests in instruments across numerous institutions in various industries, this diversification reduces these risks.

#### PERFORMANCE

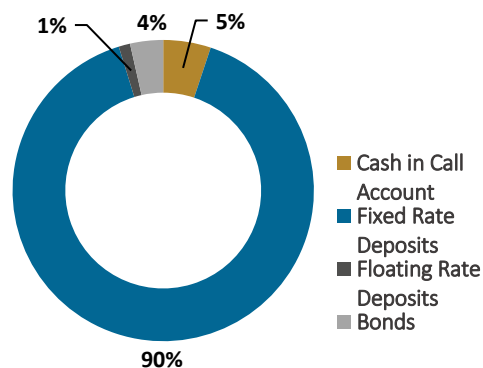
Returns (%)	3 months	1 yr	3 yrs	5 yrs
<b>Gross</b>				
Return	1.80	7.91	6.82	5.90
Benchmark	1.05	1.80	0.93	0.74

Returns shown are cumulative for all periods shorter than or equal to 1 year, and annualised for all periods greater than 1 year.

#### CUMULATIVE PERFORMANCE



#### ASSET ALLOCATION



#### GENERAL FUND INFORMATION

**Fund managers** Jonathan Paledi & Kennedy Manopolwe  
**Fund size (P)** 2.9 billion  
**Fund class** A  
**Inception date** 19 Oct 2004

**Classification** Botswana Money Market  
**Benchmark\*** 3 Month T-Bill + 2%  
*\*(new benchmark effective 1st December 2023)*

**ISIN number** ZAE000123626  
**Alpha code** SBMMA

#### Minimum investment requirements

**Lump sum** P15,000  
**Monthly** P1,000

#### RISK PROFILE

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive
--------------	-------------------------	----------	-----------------------	------------

#### FEES

#### MAXIMUM CHARGES (INCL. VAT)

Initial fee (manager)	0.000%
Initial fee (adviser)	0.684%
Annual fee (manager)	1.140%
Annual fee (adviser)	0.285%
Performance fee	0.000%

## ANNUAL COST RATIOS (INCL. VAT)

Base period	01/04/2021
TER	1.26%
TC	0.00%
TIC	1.26%
1 year TER	1.28%

**Total expense ratio (TER):** shows the charges, levies and fees relating to the management of the portfolio (expressed as a % of the average net asset value of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER should not be regarded as an indication of future TERs.

**Transaction costs (TC):** shows the % of the value of the fund incurred as costs relating to buying and selling of the fund's underlying assets. TC are a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, investment decision of the investment manager and the TER.

**Total investment charges (TIC):** the sum of TER and TC, shows the % of the value of the fund incurred as costs relating to investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not deduct the TIC from performance figures, the performance is already net of the TIC.

## INCOME DISTRIBUTION

Net income is calculated daily and distributed monthly.

Declaration: Monthly

### DISCLOSURE

Collective Investment Undertaking (CIUS) are generally medium to long term investments. The value of the units may go up or down, and past performance is not necessarily a guide to future performance. Unit trusts (UTs) are traded at ruling prices and can engage in borrowing and scrip lending.

The Vunani Botswana Money Market Fund is a portfolio of the Vunani Fund Managers Unit Trust Scheme (the Scheme), which is licensed in terms of the Collective Investment Undertakings Act, 1999 (as amended). The manager of the Scheme is Vunani Fund Managers (Pty) Ltd (the Manager). The Manager is licensed by the Non-bank Financial Institutions Regulatory Authority (NBFIRA), Certificate No. CIU/06, to carry out the business of a Unit Trust Management Company in the Republic of Botswana. The investments of this portfolio are managed by the Manager.

The Manager is licensed by NBFIRA, Certificate No. NBFIRA 10/3/13/II, to carry out the business of an asset manager in the Republic of Botswana. Prices are calculated and published on each working day and are available on the Manager's website ([www.vunanifm.co.bw](http://www.vunanifm.co.bw)). This portfolio is valued at 17h00. Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 12h00.

This is a portfolio that derives its income primarily from interest-bearing instruments. The yield (if shown) is a current effective yield and is calculated daily.

All performance returns quoted are shown in BWP and are based on data sourced from Morningstar/StatPro. Annualised return figures are the compound annualised growth rate (CAGR) calculated from the cumulative return for the period being measured. These annualised returns provide an indication of the annual return achieved over the period had an investment been held for the entire period. Actual annual figures are available on request from the Manager. Portfolio performance figures are calculated for the relevant class of the portfolio, for a lump sum investment, on a NAV-NAV basis, with income reinvested on the ex-dividend date. Individual investor performance may differ due to initial fees, actual investment date, income and dividend reinvestment dates, withholding tax. Portfolio performance accounts for all costs that contribute to the calculation of the cost ratios quoted, all returns quoted are after these costs have been accounted for.

Additional information including but not limited to, prospectus, brochures, application forms, quarterly reports, can be obtained (at no cost) from the Manager and/or from the Manager's website ([www.vunanifm.co.bw](http://www.vunanifm.co.bw)).

## FUND REVIEW

In Q1 2024, the fund's market value closed at BWP 2.9 billion. With the turn of the year, there was normalisation of inflows into the fund, as it outperformed its benchmark over the three (3) months period as well as over the medium term. Market liquidity continued to improve, resulting in a decline in cash rates across various tenors.

## MARKET OVERVIEW

According to Statistics Botswana, real GDP growth increased by 1.9% y/y in Q4 2023 from 0.5% y/y growth in Q3 2023. The second half of 2023 proved quite challenging for Botswana's economy with the annual growth in 2023 slowing to 2.7% from 5.5% in 2022. Mining and quarrying contributed positively to growth at 6.4% in Q4 2023, recovering from the 9.2% decline in Q3 2023. Diamond production in carats rose by 6.9% as output from Orapa mine increased in anticipation of future planned maintenance. Additionally, the improved Soda Ash production at Botash mine also aided growth. Over the course of 2023, Diamond Traders and Water & Electricity were the only sectors to realise negative output growth at -29.4% and -16.9%, respectively. During the quarter, the Minister of Finance released an ambitious budget, with forecasted spending worth BWP 102 billion in FY2024/2025 targeting infrastructural investment, private sector growth, value chain & agricultural development and digital transformation.

According to Botswana's statistical agency, headline inflation declined by 1.0 percentage point to 2.9% y/y in March, undershooting the Bank of Botswana's medium term objective range. The lower inflation reading was seemingly aided by favourable base effects with the Transport index (23.4% of CPI basket) declining from 3.5% y/y to 0.7% y/y. Moreover, the key

contributors to the March inflation reading were: Miscellaneous Goods & Services (0.8%) and Food & Non-Alcoholic Beverages (0.7%). Notably, the central bank lowered its projections for inflation at the April MPC, predicting that it would average 3.2% (formerly 4.0%) in 2024 and rise to 5.3% (originally 5.2%) in 2025.

## OUTLOOK

Looking ahead, we expect that a rebound in the diamond market will aid Botswana's growth trajectory, given the prominence of the mining sector in GDP contribution. Furthermore, the successful implementation of the Transitional Development Plan (TNDP) and National Development Plan 12 (NDP 12) will add further impetus to growth. We anticipate that the government will seek to implement much of the ambitious development budget (42% y/y growth) ahead of the October election, although long-standing implementation issues with regards to infrastructure projects may prove to be a challenge. Additionally, the introduction of agricultural programmes (Temo Letlotlo and Thuo Letlotlo) as well as informal sector programme (Chema Chema) should provide support to the agricultural and informal sector, respectively. Household earnings and spending should be supported by the recent increase in the domestic sector minimum wage and 5% rise in public sector wages effective April.

We expect inflation to revert within the 3-6% range in the short to medium term. Upside risks to the outlook, include a further rise in international commodity prices and sticky food inflation level due to the food import ban and unfavourable climatic conditions which may lower agricultural yields. The central bank expects the economy to run below its potential, thus reducing any demand-pull inflationary pressures. On the monetary policy front, we anticipate that the Monetary Policy Rate (MoPR) will likely remain unchanged at 2.40% during the course of the year, with a potential easing bias in order to stimulate economic activity.

## CONTACT DETAILS

### TRUSTEE

Standard Chartered Bank Botswana  
4<sup>th</sup> floor, Standard Chartered House, Queens Road, The Mall  
Tel: +267 361 5800

### INVESTMENT MANAGER

Vunani Fund Managers Botswana  
Plot 64515, Kgwebo2, 2nd floor, Fairgrounds, Gaborone  
Tel: +267 391 0310  
Email: [moipolait@vunanifm.co.bw](mailto:moipolait@vunanifm.co.bw)